

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **December 13, 2005, Work Session**

AGENDA ITEM NO.: 1

CONSENT:

REGULAR: **X**

CLOSED SESSION:

(Confidential)

ACTION:

INFORMATION: **X**

ITEM TITLE: **Receive June 30, 2005 Annual Audit and Required Communications from the External Auditor**

RECOMMENDATION: Receive the June 30, 2005 Annual Audit and required communications from the external auditor in accordance with the Code of Virginia.

SUMMARY: Brown Edwards and Company, LLP, (Brown Edwards), the City's external auditor, has completed the audit of the City's financial records for the year ending June 30, 2005. In accordance with the Code of Virginia, there are certain required communications to City Council by the external auditor. Representatives from Brown Edwards will overview the following items and will be pleased to discuss any items in further detail:

1. Audit Committee Letter: Professional standards and the Code of Virginia require the external auditor to provide the Audit Committee and City Council information related to the audit. This information includes:
 - a. External Auditor responsibility under Auditing Standards accepted in the United States and OMB Circular A-133 which provides guidance to ensure compliance with requirements of major federal programs
 - b. Significant Accounting Policies
 - c. Accounting Estimates
 - d. Audit Adjustments
 - e. Disagreements with Management
 - f. Consultations with Other Independent Accountants
 - g. Issues Discussed Prior to Retention of Independent Auditors
 - h. Difficulties Encountered in Performing the Audit
2. Comprehensive Annual Financial Report (CAFR): While the CAFR contains extensive financial information, the external auditor will not discuss the report in detail. The external auditor will discuss any findings and questioned costs required to be reported under Governmental Auditing Standards and compliance in accordance with OMB Circular A-133. This information can be found on pages 94-101 of the CAFR.
3. Management Letter: Comments on internal control and other suggestions that provide an opportunity for the City to strengthen internal controls and efficiency.

PRIOR ACTION(S): None

FISCAL IMPACT: None

CONTACT(S): L. Kimball Payne, III, City Manager
Michael W. Hill, Director of Financial Services

ATTACHMENT(S): **Attachments may be viewed in the office of the Financial Services Director, 3rd. Floor, City Hall, 900 Church Street**
Audit Committee Letter
Comprehensive Annual Financial Report
Comments on Internal Control and Other Suggestions for Consideration (Management Letter)